

Message Text

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E.O. 11652: N/A

TAGS: PFOR, UK, CJ

SUBJECT: STATUS OF IRS REP BARNARD IN CAYMAN ISLANDS

REF: LONDON 1654

1. AFTER SUBSEQUENT EMBASSY DISCUSSION OF INFORMAL FCO DEMARCHE DESCRIBED IN REFTEL, EMBASSY OFFICER AGAIN CALLED ON JOHN WILLSON, DEPUTY HEAD OF ATLANTIC AND WEST INDIAN DEPARTMENT, TO CLARIFY BARNARD'S STATUS IN CAYMAN ISLANDS. THE EMBASSY RECORD OF OUR REQUEST THAT HMG "RECOGNIZE" BARNARD'S RESPONSIBILITY IN CAYMAN CONTAINS A RESPONSE BY DIPLOMATIC NOTE FROM THE FCO DATED JANUARY 17, 1975 IN WHICH HMG STATES THAT "THE APPOINTMENT HAS BEEN NOTED AND THE AUTHORITIES IN THE CAYMAN ISLANDS HAVE BEEN INFORMED." (ON THE BASIS OF THAT NOTE, WILLSON HAD TOLD EMBASSY OFFICER THAT BARNARD HAD BEEN ACKNOWLEDGED IN BUT NOT ACCREDITED TO THE CAYMAN ISLANDS). A SUBSEQUENT FCO LETTER IN OUR FILES, DATED FEBRUARY 12, 1975, STATES THAT "MR. GEORGE S. BARNARD HAS BEEN RECOGNIZED AS REVENUE SERVICE REPRESENTATIVE OF THE UNITED STATES OF AMERICA FOR THE CAYMAN ISLANDS WITH RESIDENCE AT MEXICO CITY." WE UNDERSTAND THAT THIS IS STANDARD FCO LANGUAGE FOR ACCREDITING US REPRESENTATIVES, AND THAT THE WORD "RECOGNIZE" IS CONSISTENTLY USED BY HMG TO MEAN "ACCREDIT." EMBASSY OFFICER ASKED WILLSON FOR CLARIFICATION.

2. WILLSON TELEPHONED EMBASSY FEBRUARY 9. HE SAID THAT
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BOTH THE LEGAL AND PROTOCOL OFFICES OF THE FCO HAD BEEN

CONSULTED ON BARNARD'S STATUS. THESE OFFICES AGREED THAT "RECOGNIZE" MEANS "ACCREDIT" FOR DIPLOMATIC PURPOSES. THEY POINTED OUT, HOWEVER, THAT SINCE A BRITISH DEPENDENCY DOES NOT HAVE DIPLOMATIC RELATIONS WITH OTHER STATES, A FOREIGN OFFICIAL TECHNICALLY CANNOT ENJOY DIPLOMATIC STATUS IN A DEPENDENCY AND CANNOT BE ACCREDITED TO THE GOVERNMENT OF A DEPENDENCY. NOR CAN A FOREIGN OFFICIAL ENJOY CONSULAR STATUS WITHOUT AN EXEQUATUR. THEREFORE, WILLSON CONCLUDED, MR. BARNARD HAS NO STATUS IN THE CAYMAN ISLANDS EXCEPT AS A USG OFFICIAL.

3. AFTER COMPLETING HIS PHILADELPHIAN PRESENTATION, WILLSON CONFESSED THAT THE QUESTION LEFT PLENTY OF ROOM FOR AMBIGUITY AND SPECULATED THAT THE WORDING OF THE FEBRUARY 12 LETTER COULD LIKELY BE ATTRIBUTED TO A BUREAUCRATIC ERROR. THE POINT IS, WILLSON SAID, THAT HMG DOES NOT WISH TO RESORT TO WITHDRAWING ITS RECOGNITION OF BARNARD (WHICH APPARENTLY DOESN'T MEAN ANYTHING ANYWAY), BUT WOULD PREFER SIMPLY TO SEE BARNARD'S ACTIVITIES IN CAYMAN ISLANDS STOP.

4. COMMENT: BARNARD'S OFFICIAL STATUS IN HMG'S EYES OF COURSE IS NOT THE CENTRAL ISSUE IN THIS SITUATION. THE GOVERNOR OF CAYMANS BELIEVES THAT IRS INVESTIGATIONS THERE ARE BAD FOR BUSINESS. HE IS PROBABLY RIGHT BUT NOT NECESSARILY RELEVANT. EVEN IF "RECOGNITION" WERE WITHDRAWN, IT LEAVES THE QUESTION WHETHER IRS WISHES TO PURSUE ITS INVESTIGATIONS WITH MR. BARNARD MERELY AS A USG EMPLOYEE INSPECTING PUBLIC RECORDS AND CARRYING OUT VOLUNTARY INTERVIEWS. IN ANY EVENT, IT IS PROBABLY IN THE BEST INTERESTS OF ALL CONCERNED IF THIS PROBLEM CAN BE RESOLVED INFORMALLY AND AT A WORKING LEVEL BEFORE POSITIONS STIFFEN. WE WOULD THEREFORE APPRECIATE DEPARTMENT'S GUIDANCE AS SOON AS POSSIBLE.

MILLER

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